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H.B. No. 6465: An Act Concerning Purchase of Service Contracts

Submitted By: Daniel Osborne, CEO, Gilead Community Services

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Senator Moore, Representative Abercrombie, Senator Markley, Representative Wood and distinguished members of the Human Services Committee, my name is Daniel Osborne. I am the CEO of Gilead Community Services, a Nonprofit Behavioral Healthcare Agency that provides a continuum of Behavioral Healthcare services including psychiatry, individual & group therapy, case management, supported apartment programming, fountain house model day services and a variety of specialized residential treatment options. We are among the 500+ member agencies of the Connecticut Association of Nonprofits (CT Nonprofits).

I would like to share my support for H.B. 6465, An Act Concerning Purchase of Service Contracts. This bill asks the Governor and legislators to appropriately fund nonprofit providers by including an increase, commonly referred to as a cost of living adjustment, in all future Purchase of Service (POS) contracts and Medicaid fee-for service accounts consistent with the average annual growth of the Consumer Price Index or inflation. This increase in funding is necessary because the state has failed to adequately fund nonprofit providers for the last two decades forcing many nonprofits to close, compete against one another for scarce resources, layoff employees, reduce benefit packages; altogether creating a win or lose system that weakens the entire nonprofit sector and threatens its sustainability.

As an example, my organization has been forced to reduce the capacity of our Rehab Center that provides psychosocial rehabilitation through a fountain house model. During a time of increased need for these services within our community, we have been forced to reduce our staffing and our capacity as a cost savings measure. The reality is that based on previous funding reductions and a lack of cost of living adjustments for several consecutive years, Gilead has become as fiscally efficient as it can be. The practical implication of this is that any additional cuts or continued lack of funding increases now must result in service reductions to allow us to save money by eliminating staff positions. In addition to this, Gilead has been unable to provide adequate salary increases to the extraordinary staff that provide essential services to a vulnerable population. Gilead has also needed to reduce transportation services and the number of vehicles within the agency due to cost considerations. This reduction has had a negative impact on our client's access to services including daily attendance at our Rehab Center.

This legislation makes a commitment to address those issues by properly investing in the nonprofit sector, a commitment the state has already made through 1,585 POS contracts serving approximately 500,000 residents (15% of the population) among ten state agencies totaling \$1.38 billion or 7.3% of the state budget. While any increase in funding may seem impossible in these tough budget years, policymakers simply can't afford not to do this. Our employees are some of the hardest working professionals across the state and have had to bear the burden of underfunding, going years without salary increases while simultaneously watching benefit packages deteriorate.

Consequentially, many of us struggle to keep a quality workforce, as we experience high turnover with employees considering state employment or similar jobs providing higher wages and better benefits. In turn, high turnover adversely affects the clients we serve who have grown comfortable with their nurse, social worker, roommate or

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mentor. The reality is that the health and human service nonprofit providers have been continuously underfunded over the past two decades, pushing many of us to our breaking point.

This bill represents an opportunity to improve the quality of life and economic activity in your communities for your constituents. Investing in nonprofit providers will improve service delivery, increase economic activity, and save taxpayer money. This bill is a “win-win” for policymakers working to strengthen the economy, the nonprofit workforce trying to make ends meet, and the clients (and their families) who receive cost-effective, high-quality and efficient services from nonprofit providers. I ask for your commitment now to require that future nonprofit-government contracts are tied to the growth in CPI and/or inflation to ensure adequate funding of contracted services.

Thank you again for your time and consideration. Please do not hesitate to contact me with any questions, or for additional information.

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